



# Interim Report First Half-Year 2012

## **INDUS Confirms Full-Year Outlook**

- Satisfying EBIT margin of 9.7%
- Cost reduction program is taking effect
- Group expects successful fiscal year despite difficult economic environment





## Key Figures

EUR millions	H1 2012	H1 2011*
Sales	540.7	535.6
EBITDA	73.9	79.0
EBIT	52.4	59.2
EBT	41.8	49.3
Net result for the period (allocable to INDUS shareholders)	23.5	33.3
Operating cash flow	-9.3	31.1
Cash flow from operating activities	-20.0	20.5
Cash flow from investing activities	-33.0	-17.5
Cash flow from financing activities	65.7	-13.2
Cash and cash equivalents	135.7	87.1
Earnings per share (in euros)	1.17	1.64
Cash flow per share (in euros)	-0.90	1.01
Employees (number as of June 30)	6,851	6,450
Investments (number as of June 30)	38	39

EUR millions	June 30, 2012	Dec. 31, 2011
Total assets	1,129.8	1,040.2
Equity	404.1	382.1
Net debt	364.3	311.2
Equity ratio (in %)	35.8	36.7

\* Previous year's figures adjusted

## INDUS Holding AG

Total sales in H1:  
**540.7 million euros**

**Construction/  
Infrastructure**



**- 1.2%**

**Automotive Components/  
Engineering**



**+ 4.2%**



INDUS is the leading specialist in the field of sustainable investment and growth in German small and medium-sized companies. We mainly acquire owner-managed companies and support their business development entrepreneurially with a long-term orientation. Our subsidiaries are characterized in particular by their strong positions in specific niche markets. One of our primary goals is to achieve lasting value appreciation for our portfolio that is both healthy and measured. We do this by maintaining a diversified investment structure and a corporate policy geared toward stable yields.

All of our decisions are guided by the long-term development of each and every company. We give our companies reliable perspectives and allow them entrepreneurial scope for action.

In 2011, our Group's workforce of around 6,700 generated sales of approximately 1,105 million euros and EBIT of approximately 112 million euros.

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### Engineering



**- 1.9%**

### Medical Engineering/ Life Science



**- 0.9%**

### Metal/ Metal Processing



**+ 1.0%**

# LETTER TO THE SHAREHOLDERS

Ladies and Gentlemen,

The question of whether the current economic situation is a recession or merely a temporary cool down in growth is the subject of much debate within the German economy. Given the present volatile situation, we cannot provide a definite answer to this one way or the other. What we can clearly state, however, is that most experts believe we are dealing with an economic slowdown. So, with all indicators pointing downward, many of us are left wondering how hard the economic setback will eventually be. In spite of dwindling demand, material and energy prices are high and wage costs are rising. This, in turn, creates a shaky basis for the already modest growth forecasts for this year and next. Furthermore, in view of the uncertain economy, we consider the chances of pushing through higher prices on a broad scale as very slim.

Market trend: 

At approximately 541 million euros in the first six months, our sales are up a little year-on-year once again; EBIT came to around 53 million euros in the first half-year, down year-on-year. We are very pleased with our EBIT margin of 9.7%, considering the volatile economy. Overall, we feel that the business prospects for our Group are good in 2012.

We will present quite healthy results in the current fiscal year, but will clearly no longer be able to achieve the record level we reached in 2011. The special economic situation we saw last year has come to an end and momentum is slowing down markedly in 2012. We had already detected this development in the spring, which is why we communicated our cautious expectations to the capital market at an early stage. Back then, many considered our outlook to be overly cautious considering our healthy first quarterly figures.

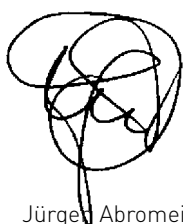
For the current year, we plan to again cross the one-billion-euro threshold. And looking at the status today, this goal is realistic. In terms of earnings outlook, we remain more cautious. We are sticking to our target of a 10% EBIT margin, but are aware that this is an ambitious goal. We will only reach it if we manage to cut costs. At present, we believe the cuts introduced in the first six months will have the desired effect and that 2012 will be a financially successful year for our Group despite the more difficult situation.

An economic downturn as is currently being experienced on nearly every continent in varying degrees may pose significant business risks. However, it also creates opportunities for new, sensible investments. This is one reason for ensuring that we have sufficient liquidity reserves. The only way to maintain the strong performance and yield of our portfolio is to integrate further hidden champions from the industrial sectors of the future. Another reason for keeping a close eye on liquidity (reserves) is the uncertainty on the capital markets.

Bergisch Gladbach, Germany, August 2012

Yours,

The Board of Management



Jürgen Abromeit



Dr. Johannes Schmidt



Rudolf Weichert

The economic downturn also yields opportunities for sensible, new investments.



# QUESTIONS FOR DR. JOHANNES SCHMIDT

## “Navigating through uncertain markets is now part of our everyday business”



More substance, more flexibility, more caution – the ongoing uncertainty in the markets has led many to focus more on the typical virtues of medium-sized companies. An interview with Member of the Board

Dr. Johannes Schmidt.

### The unpredictability of the markets is currently reflected in the strongly fluctuating forecasts made by economic research institutes. To what degree do such forecasts help these days?

Dr. Schmidt: It's true that the forecasts differ significantly between institutes and change quickly. The quality of these forecasts has also taken a dive recently. However, we still find them helpful because they give us an idea of the sentiment in the markets and this has an impact on the behavior of all participants there.

### What does the “new stable uncertainty” mean for INDUS?

Dr. Schmidt: We're doing what we always do – but doing it in an even more purposeful manner. We want our companies to progress successfully in their markets, even during difficult periods. For this, they have to be fit, and by this I mean on stable footing, flexibly organized, and able to react in operating terms. One area that has clearly gained further in importance over the last several years is risk management. This has also been reaffirmed by a recent survey conducted by Deutsche Bank, which shows that

three quarters of SMEs attach great importance to risk management. However, the survey also reveals that many SMEs still rely on their traditional risk management system – namely, the boss' gut instincts.

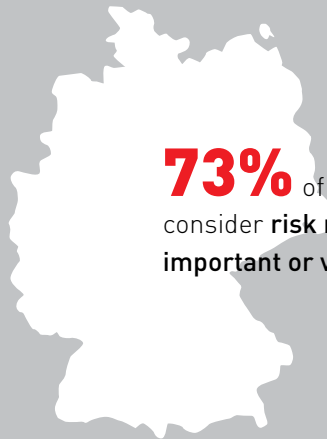
### And how exactly do the INDUS portfolio companies handle the task of managing risks?

Dr. Schmidt: Every one of our 38 companies attaches great importance to this issue. Via our in-house risk management system, which has now been instituted throughout the entire Group, we are in a position to identify and evaluate risks in each portfolio company. We also invested once again in new IT systems over the course of the previous two years. The managing directors on site deal with the material risks – sometimes in direct exchange with their supervising board member – and identify indicators for any change in the risk position. At the same time, they define measures for risk controlling in advance. This prepares them for changes and enables them to implement their catalog of measures as soon as such changes occur.



# RISK MANAGEMENT FOR SMES

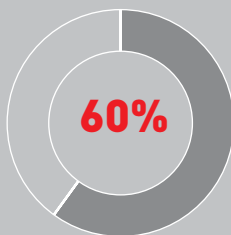
## Importance of Risk Management in Companies



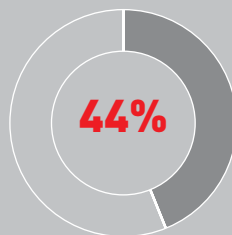
**40%** companies  
Annual sales < 25 million euros

**75%** companies  
Annual sales > 25 million euros

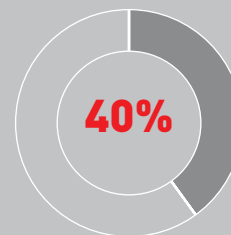
## Which risks are relevant to SMEs?



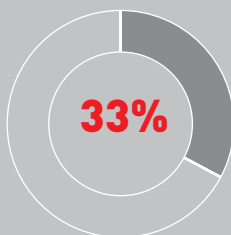
Volatility of  
raw material prices



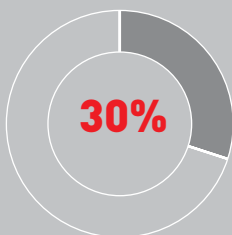
Volatility of  
energy prices



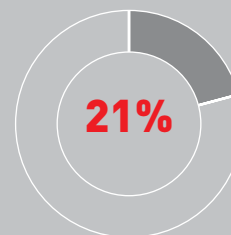
Liquidity risks



Currency risks



Interest risks



Default risks  
abroad

## Statements on Risk Management

**73%** Risk management ...  
... should be a matter for the boss.

**66%** Risk management ...  
... makes workplaces safer.

**66%** Risk management ...  
... is more important now than ever;  
our actions have paid off especially  
during the current economic and  
financial crisis.

**59%** Risk management ...  
... has already prevented a number  
of crises at our company.

### What are the typical risk areas for your portfolio companies?

**Dr. Schmidt:** Every company has specific risks related to its operations, of course. The scope of activities and the corresponding distribution of risk are, for instance, typical for the INDUS Group. Nonetheless, there are also Group-wide issues, such as active working capital management, for which we work directly with the management on site to set industry-specific target ranges. Another such example is our Kapaflex program that we use to support our companies in flexibly managing human resources capacities.

### Where is the economic uncertainty especially noticeable at present?

**Dr. Schmidt:** At the moment, the restrained orders situation is our main issue – the industry is acting guardedly. The construction industry continues to be a positive exception in this respect, and is performing well due to the private housing segment, especially domestically. In contrast, demand from the entire Southern European area remains weak. Moreover, our business with China is considerably more restrained than in previous years, due to the state's increased caution with regard to investments.

### What would you say about the typical “major” risk topics, such as raw materials and currencies?

**Dr. Schmidt:** We're currently seeing the situation for raw material prices calming down, so there is less cause for concern. The issue of currency fluctuation also affects us less, since we do most of our business in euros. We're only impacted by the strong appreciation of the Swiss franc, and while its climb has stopped momentarily, there is still the question of how long that will last. Swiss industry already reacted strongly in 2011, lowering personnel costs and increasing procurement in the euro area. Our three Swiss subsidiaries now have the situation in hand. However, price concessions are still needed here and there, suppressing the margin in spite of the measures mentioned above.

### Considering these difficulties, how would you describe the quality of forecasts for the Group?

**Dr. Schmidt:** INDUS is listed on the stock exchange and the capital market rightly expects to receive well-grounded statements from us about our future business prospects. Given the volatile markets since the global economic crisis began, it is certainly very difficult at the beginning of the fiscal year to make precise statements about future results. The statements that we provide in this respect are, nonetheless, as accurate as possible. After all, in addition to making detailed plans for each portfolio company, we review our goals on a month-to-month basis using our risk management system.



# NEWS

## FROM THE INDUS GROUP



### **OBUK** 20 Years of OBUK in Slovakia

With its broad range of stylish products, OBUK has maintained its market position as a “Manufacture of Door Panels” for more than 30 years. The company designs, produces and sells around 30,000 plastic and aluminum door panels annually within the premium segment. The product range is as individual as the person it is made for. OBUK now has approximately 160 employees at its location in Oelde east of Münster. The Slovakian subsidiary is currently celebrating its 20th year. There is a staff of 30 there, who have recently moved into a new, modern plant.



### **IPETRONIK** IPETRONIK Continues to Grow

The measurement technology specialist IPETRONIK is building a new plant in Eichstätt. The Baden-Baden-based company has invested 3.5 million euros alone in the new site. Initially, 20 employees will work at this modern facility, where they will operate measurement technology equipment for test vehicles for German automotive customers, perform development services in the area of air conditioning and interior comfort, and operate stationary and mobile testing lines. IPETRONIK today has more than 150 employees and works with nearly every notable car maker in the area of measurement and testing technology.



### **hauff-technik** HAUFF-Technik in Top 5 of the Top 100 Most Innovative SMEs

Combining its remarkable ingenuity with its exemplary innovation processes, the company is successfully bridging the gap between idea and market success, and is considered one of the most innovative SMEs in Germany. Indeed, HAUFF-Technik, based in Herbrechtingen, has been ranked among the most innovative SMEs for the third time in a row. Founded in 1955 as a manufactory, HAUFF-Technik has grown to become a leading producer of cable and pipe feedthroughs across Europe. These are used in a wide range of different areas, ranging from single-family dwellings through to wind turbines and airport terminals. Prof. Dr. Nikolaus Franke and his team from the Vienna University of Economics and Business evaluated the innovation management of 281 SMEs. The best of these companies were awarded the “Top 100” seal of quality.



### **BETEK** BETEK Gets a New Spraying Tower

The new, 20 meter high spray drying unit is part of the planned, gradual expansion of carbide part production at the company’s site in Aichhalden. With this innovative facility, BETEK is blazing new technological trails. Thanks to advancements in the production process, carbide parts can now be manufactured from granulate on a water basis. Moreover, whereas the former process used a solvent which requires ATEX protective systems, the new process does not. The new process also makes it possible to use alternative carbide binders, and is thus not only less harmful to the environment, but also saves on resources. The carbide tooling systems and wear protection solutions made by BETEK are used around the world in machinery for areas such as road construction, tunnel construction and surface mining.



# INDUS ON THE CAPITAL MARKET

## Overview of the INDUS Share

	H1 2012	Full year 2011
Peak price in euros	23.72	24.90
Lowest price in euros	20.30	16.85
Closing price (at cut-off date) in euros	21.68	18.86
Average daily turnover in number of shares	27,555	40,168
Number of shares (at cut-off date)	22,227,737	22,227,737
Market cap (at cut-off date) in EUR millions	481.9	419.2

### Share Price Performing in Line with Index Trends

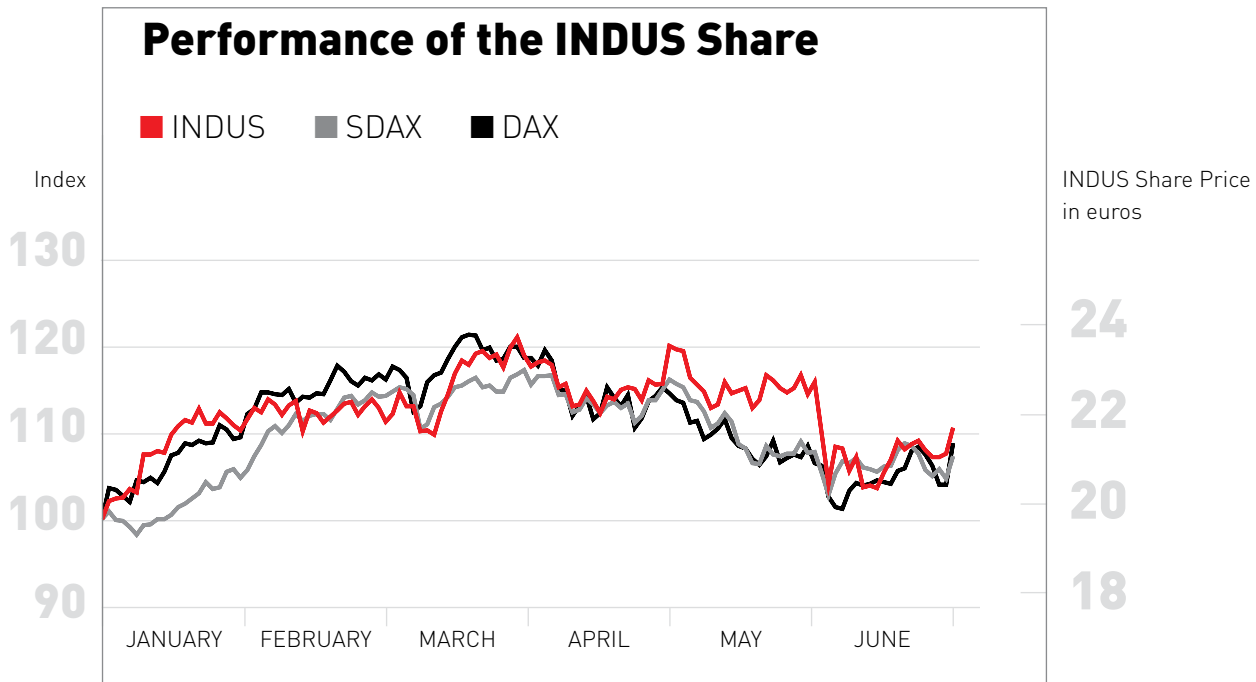
During the first six months, the price of the INDUS shares moved nearly parallel to both the SDAX benchmark and the DAX. At the end of the first quarter, the share price rose once again. Since then, the positive sentiment that boosted the share prices on the stock markets in the early months has shifted to more cautious expectations. Given the stable outlook of INDUS for the first six months, the share price also remained stable. As of June 30, 2012, the share price had increased by approximately 10%, putting it above the closing price for 2011 (SDAX +7%, DAX +8%). In the joint SDAX and MDAX ranking list as of the reporting date of June 30, INDUS took 56th place for free market capitalization and 71st place for stock exchange turnover (rankings as of Dec. 31, 2011: 58 and 67).

### Annual Shareholders' Meeting and Dividend Payout

The annual shareholders' meeting took place on July 3 at the exhibition center in Cologne. Approximately 600 shareholders attended the meeting at which retiring Chairman of the Board of Management Helmut Ruwisch handed over the office to his successor Jürgen Abromeit. The newly formed Board of Management will have three members in the future: Jürgen Abromeit, Dr. Johannes Schmidt, and Rudolf Weichert. Two portfolio companies, IPETRONIK and M. BRAUN, were on site for the first time to present their range of products and services.

- Flat share price performance in line with indices
- Dividend payout of **1.00 euro per share**
- Four newly appointed members of the Supervisory Board

## Performance of the INDUS Share



In addition, the Supervisory Board was elected as scheduled. The two former members, Dr. Egon Schlütter and Dr. Uwe Jens Petersen, retired or chose not to run for re-election for reasons of age. To replace them, Hans-Joachim Selzer and Helmut Späth, two representatives from the two main shareholders, were voted into the Supervisory Board. Incumbents Dr. Jürgen Allerkamp and Dr. Ralf Bartsch were elected to serve a second term. The shareholders in attendance voted to use the net retained profits as proposed, voted with a large majority to discharge the members of the Board of Management and the Supervisory Board, and voted in favor of the proposed auditor for the financial statements and the consolidated financial statements. The agenda also included the renewal of the authorized capital II in the amount of 11.6 million euros.

# INTERIM MANAGEMENT REPORT

## Business Performance in First Half-Year of 2012

### Group developing steadily overall

After the initially modest start into 2012, the business situation stabilized over the first six months in spite of the market volatility. Sales even managed to increase slightly on the previous six month period. Earnings before interest and taxes (EBIT), in contrast, did not quite manage to match the results of the prior year. However, the low level of 52.4 million euros was as expected. Material costs declined slightly despite higher sales, while higher personnel expenses, as well as depreciation and amortization, had an adverse impact on earnings.

### Consolidated Statement of Income

EUR millions	H1 2012	H1 2011*
<b>Sales</b>	<b>540.7</b>	<b>535.6</b>
Other operating income	9.0	8.2
Own work capitalized	1.6	1.0
Change in inventories	13.7	20.8
Cost of materials	-269.0	-275.9
Personnel expenses	-152.3	-142.3
Depreciation and amortization	-21.4	-19.7
Other operating expenses	-69.9	-68.6
Other financial result	0.1	0.1
<b>Operating result (EBIT)</b>	<b>52.4</b>	<b>59.2</b>
Net interest	-10.6	-9.9
<b>Earnings before taxes</b>	<b>41.8</b>	<b>49.3</b>
Taxes	-15.4	-15.7
Earnings attributable to discontinued operations	-2.5	0.1
<b>Earnings after taxes</b>	<b>23.8</b>	<b>33.7</b>
of which allocable to non-controlling shareholders	-0.3	-0.4
of which allocable to INDUS shareholders	23.5	33.3

\* Previous year's figures adjusted

- Sales **540.7 million euros**
- EBIT of **52.4 million euros**
- EBIT margin of **9.7%**

**Earnings Position: Total Sales in H1 of Around 541 Million Euros, Operating Result of 52.4 Million Euros**

Overall, INDUS Holding AG's business developed well in the first half of 2012. The portfolio companies in the INDUS Group managed, on an overall basis, to maintain the high level of sales seen in 2011, in spite of the increasingly uncertain market conditions. Altogether, they generated 5.1 million euros more in the first six months than in the prior six-month period, equal to growth of approximately 1%. The consolidated sales of INDUS Holding AG came to 540.7 million euros in absolute terms at the six-month mark (previous year H1: 535.6 million euros).

The cost of materials ratio fell slightly from 51.5% in H1 2011 to 49.8% in H1 2012. This demonstrates that the subsiding growth dynamic is slowly having a price-stabilizing effect.

Personnel expenses, in contrast, are moving in the opposite direction, rising from 142.3 million euros to 152.3 million euros. The higher personnel expenses ratio of 28.2% (previous year H1: 26.6%) still reflects the delayed impact of the rapid build-up of personnel due to the strong orders situation in 2010 and 2011. Given the lower expectations for 2012, the companies of the Group have already begun to increasingly take advantage of their flexibility in this regard. However, due to the gradual influence of adjustments made, this has not yet had the desired effect on the cost structure. Looking at Q2 alone, the personnel expenses ratio was thus 27.5% compared to 28.9% in Q1 2012.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) of 73.9 million euros fell somewhat short of the result in 2011 (previous year H1: 79.0 million euros). At 21.4 million euros, write-downs were higher than in the comparison period (previous year H1: 19.7 million euros) due to the increased investment in the boom years of 2010 and 2011, as expected. The operating result before interest and taxes (EBIT) of 52.4 million euros as of June 30, 2012 was therefore approximately 6.8 million euros lower than in 2011 (previous year H1: 59.2 million euros). The EBIT margin of 9.7% (previous year H1: 11.1%) did not quite reach the full-year target of "10% plus."

Interest income of 0.4 million euros (previous year H1: 0.3 million euros) remained at a now usual low level. Interest expenses came to 11.0 million euros, or 0.9 million euros above the previous year's figure of 10.1 million euros, primarily due to valuation effects. Earnings before taxes (EBT) thus dropped in H1 2012 from 49.3 million euros to 41.8 million euros.

Group tax expenses of 15.4 million euros nearly reached the same level as in the comparison period (previous year H1: 15.7 million euros), though it rose more in H1 2012 than in H1 2011. The anticipated tax rate for 2012 of approximately 37%, which was applied to H1 2012, corresponds to the long-time average tax rate for INDUS and reflects the expected business situation (tax rate 2011: 37.2%).

After deducting non-controlling interests, the result for the period declined by approximately 9.8 million euros to 23.5 million euros (previous year H1: 33.3 million euros). This corresponds to earnings per share of 1.17 euros (previous year H1: 1.64 euros).

→ Earnings in line with target range.

# Segment Report

INDUS Holding AG's investment portfolio is structured in five segments: Construction/Infrastructure, Automotive Components/Engineering, Engineering, Medical Engineering/Life Science, and Metal/Metal Processing. The investment portfolio encompassed 38 operating units as of June 30, 2012.

## INDUS Construction/Infrastructure Segment

### Another Half-Year With Better Than Average Performance

In the first six months, segment sales of 106.9 million euros were only approximately 1% lower than in the previous year, reflecting the uninterrupted business conditions in the construction sector. The onset of winter in February had only a minor impact on personnel expenses because the short duration of bad weather meant it was not necessary to pay a bad weather allowance. Performance in the second quarter was surprisingly dynamic. The extremely strong demand meant that the order books of most Group companies were filled at year's end. Some of these orders are already represented in the half-year results through the application of the percentage of completion method. Earnings before interest and taxes (EBIT) totaled 13.3 million euros (previous year: 15.1 million euros) and the EBIT margin came to 12.4%, a very healthy figure that was again above the industry average.

EUR millions	H1 2012	H1 2011	Change
Sales	106.9	108.2	- 1.2%
EBIT	13.3	15.1	- 11.9%
EBIT margin in %	12.4	14.0	- 1.6% Pts.
Depreciation and amortization	2.5	2.4	+ 4.2%
Capital expenditure	3.1	2.3	+ 34.8%

## INDUS Automotive Components/Engineering Segment

### Results Impacted by Price Pressure

Sales in the Automotive Components/Engineering segment rose again by about 4% from the first half-year of 2011 because of the healthy orders situation in the automotive sector. In absolute terms, the segment companies generated 167.3 million euros in the first six months (previous year H1: 160.6 million euros). Despite the good business conditions in the automotive sector, earnings before interest and taxes (EBIT) declined to 9.1 million euros, far below the previous year's figure of 11.3 million euros. This was partly due to the unabated price pressure and the highly intense competition in the industry. Tier 1 suppliers were especially hard hit. In addition, personnel expenses were higher due to the tight orders situation. Consequently, the EBIT margin only reached 5.4%. However, INDUS continues to aim for a segment EBIT margin of more than 6%, as is typical for the industry.

→ Construction/Infrastructure **EBIT margin 12.4%**

Effective June 1, 2012, INDUS sold its shares in REBOPLASTIC due to the fact that, in terms of future perspectives, it was no longer suitable for the INDUS portfolio. The company had been a part of the INDUS Group since 1985 and was allocated to the Automotive Components/Engineering segment. The buyer was Dr. Wolfgang Höper, who had advised the company as a former member of the Board of Management at INDUS Holding AG. Sales of approximately 8 million euros were generated in 2011 with thermoformed plastic components for the automotive and automotive supply industry.

EUR millions	H1 2012	H1 2011*	Change
Sales	167.3	160.6	+4.2%
EBIT	9.1	11.3	-19.5%
EBIT margin in %	5.4	7.0	-1.6% Pts.
Depreciation and amortization	11.0	10.0	+10%
Capital expenditure	9.7	8.3	+16.9%

\* Previous year's figures adjusted pursuant to IFRS 5.34.

## INDUS Engineering Segment

### Stable Performance Expected

The companies in the Engineering segment generated nearly the same level of sales in the first six months of 2012 as in the previous year's H1. Segment sales of 63.1 million euros were only almost 2% lower than the 64.3 million euros recorded in the previous year. Earnings before interest and taxes showed that the extraordinary business conditions in the sector last year are over, declining from 8.1 million euros to 6.1 million euros. The EBIT margin is still a good 9.7%, compared to 12.6% in the previous year. In particular, the strong demand for specialty engineering in 2011 did not continue, as was expected. The present results therefore correspond entirely to the budget. Current incoming orders and the order backlog also indicate that business in the late-cyclical Engineering segment can be expected to remain stable for the rest of 2012.

EUR millions	H1 2012	H1 2011	Change
Sales	63.1	64.3	-1.9%
EBIT	6.1	8.1	-24.7%
EBIT margin in %	9.7	12.6	-2.9% Pts.
Depreciation and amortization	1.4	1.0	+40%
Capital expenditure	3.2	1.7	+88.2%

→ Automotive Components/Engineering **EBIT margin 5.4%**  
 → Engineering **EBIT margin 9.7%**

## INDUS Medical Engineering/Life Science Segment

### Still on the Right Track

Given the stable consumer tendency in Germany, the business conditions in the Medical Engineering/Life Science segment remained stable, as expected. Sales in the first six months of 44.5 million euros remained only slightly below the previous year, which posted sales of 44.9 million euros in the comparison period. The segment companies reported earnings before interest and taxes of 7.7 million euros, which was a minor improvement (previous year H1: 7.6 million euros), helping the EBIT margin to come out better than average in H1 2012 at 17.3% (previous year H1: 16.9%).

EUR millions	H1 2012	H1 2011	Change
Sales	44.5	44.9	-0.9%
EBIT	7.7	7.6	+1.3%
EBIT margin in %	17.3	16.9	+0.4% Pts.
Depreciation and amortization	1.3	1.3	0%
Capital expenditure	1.4	1.2	+16.7%

## INDUS Metal/Metal Processing Segment

### Good Overall Performance

In line with the strong orders situation in the automotive industry, the INDUS Metal/Metal Processing segment experienced strong growth at the beginning of 2012. Sales in the first six months of 2012 of 159 million euros rose again from 157.5 million euros in the first half-year of the previous year, or by about 1%. However, earnings before interest and taxes (EBIT) suffered due to additional personnel costs and to the start-up losses incurred as a result of a newly installed production unit. One further effect of this new plant was the high investment volume in the segment of 11.4 million euros. EBIT came to 17.3 million euros after 19.6 million euros in the previous year. All in all, INDUS still considers this to be a very good earnings situation. The EBIT margin of 10.9% (previous year H1: 12.4%) was within the target corridor for the entire Group.

EUR millions	H1 2012	H1 2011	Change
Sales	159.0	157.5	+1%
EBIT	17.3	19.6	-11.7%
EBIT margin in %	10.9	12.4	-1.5% Pts.
Depreciation and amortization	5.2	4.9	+6.1%
Capital expenditure	11.4	3.1	+268%

→ Medical Engineering/Life Science **EBIT margin 17.3%**  
 → Metal/Metal Processing **EBIT margin 10.9%**



# Employees

## Number of Employees Slightly Higher

In line with the orders situation, the INDUS Group companies expanded employment in 2011, particularly with regard to flexible personnel capacities. The personnel expenses ratio of 28.2% in relation to sales thus increased in comparison with 2011 (previous year H1: 26.6%). This increase was also partly due to the changing of short-term contracts into permanent positions. In the first six months, the segment companies had an average of 6,851 employees (as of December 31, 2011: 6,733 employees).

# Financial and Assets Position

## Statement of Cash Flows (Short Form)

EUR millions	H1 2012	H1 2011*
<b>Operating cash flow</b>	<b>-9.3</b>	<b>31.1</b>
Interest	-10.7	-10.6
<b>Cash flow from operating activities</b>	<b>-20.0</b>	<b>20.5</b>
Cash outflow from investments	-33.0	-17.5
Cash inflow from the disposal of assets	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-33.0</b>	<b>-17.5</b>
Cash inflow from the assumption of debt	111.4	83.6
Cash outflow from the repayment of debt	-45.7	-96.8
<b>Cash flow from financing activities</b>	<b>65.7</b>	<b>-13.2</b>
Net cash change in financial facilities	12.6	-10.3
Changes in cash and cash equivalents caused by currency exchange rates	0.0	0.5
Cash and cash equivalents at the beginning of the period	123.1	96.8
<b>Cash and cash equivalents at the end of the period</b>	<b>135.7</b>	<b>87.1</b>

\* Previous year's figures adjusted

## Statement of Cash Flows: High Liquidity Reserve of About 136 Million Euros

Based on earnings after taxes of 26.4 million euros (previous year H1: 33.6 million euros), operating cash flow in the first six months amounted to -9.3 million euros, mainly driven by a non-recurring item of approximately 23 million euros resulting from the sale of accounts receivables at the end of 2011. Excluding this non-recurring

→ Cash and cash equivalents at approximately  
**136 million euros** mid-year

item, operating cash flow would have been approximately 14 million euros. Once business returned to normal, trade payables ceased to increase significantly. Inventories also rose again, though only slightly, due to several orders becoming due for delivery in the second six months. As a result, operating cash flow was significantly below the 31.1 million euros of last year's comparison period.

The cost of interest paid in the first six months of 2012 remained nearly constant at 11.1 million euros (previous year H1: 10.9 million euros). Consequently, cash flow from operating activities amounted to –20.0 million euros (previous year H1: 20.5 million euros). Much higher expenditure for investment caused the cash flow from investing activities in the first six months of 2012 to increase to –33.0 million euros. Cash flow from financing activities also increased strongly, from –13.2 million euros to 65.7 million euros. This was primarily attributable to the ABS program established in 2012 for approximately 48 million euros. Accordingly, cash and cash equivalents reached the extremely high level of 135.7 million euros as of June 30, 2012 (previous year H1: 87.1 million euros).

### Consolidated Statement of Financial Position

EUR millions	June 30, 2012	Dec. 31, 2011
<b>ASSETS</b>		
<b>Noncurrent assets</b>	<b>585.6</b>	<b>575.3</b>
Property, plant, and equipment	581.0	570.0
Accounts receivable	4.6	5.3
<b>Current assets</b>	<b>544.2</b>	<b>464.8</b>
Cash and cash equivalents	135.7	123.1
Accounts receivable	170.2	118.9
Inventories	238.3	222.8
<b>Total assets</b>	<b>1,129.8</b>	<b>1,040.2</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Noncurrent liabilities</b>	<b>803.7</b>	<b>755.2</b>
Equity	404.1	382.1
Liabilities	399.6	373.1
thereof provisions	18.5	18.5
thereof current liabilities and income taxes	381.1	354.6
<b>Current liabilities</b>	<b>326.1</b>	<b>285.0</b>
thereof provisions	54.4	47.0
thereof liabilities	271.7	238.0
<b>Total equity and liabilities</b>	<b>1,129.8</b>	<b>1,040.2</b>

- Interest expenses stable at around 11 million euros
- Higher cash outflows for investment of **33 million euros**

**Statement of Financial Position: Equity Ratio of Around 36%**

The total assets of INDUS Holding AG again grew slightly, amounting to 1,129.8 million euros as of June 30, 2012 (Dec. 31, 2011: 1,040.2 million euros). Cash and cash equivalents increased at the start of the year from 123.1 million euros to 135.7 million euros, in part due to the newly established ABS program. Accounts receivable and inventories increased again by about 62.5 million euros due to the good orders situation. The new ABS program introduced in 2012 did not result in the derecognition of receivables sold. The rise in receivables as compared with December 31, 2011 to around 23 million euros is therefore due to the switch to ABS financing. The Group's equity of 404.1 million euros climbed again from the end of 2011 (Dec. 31, 2011: 382.1 million euros). As a result, the equity ratio remained high at 35.8% (Dec. 31, 2011: 36.7%). The Group's net debt amounted to 364.3 million euros (Dec. 31, 2011: 311.2 million euros).

**Opportunities and Risks**

INDUS Holding AG and its portfolio companies are exposed to a multiplicity of risks as a result of their international activities. And although entrepreneurial undertakings are inextricably linked with risk-taking, they also enable the company to seize new opportunities and, thereby, to safeguard and strengthen the market position of its portfolio companies. The company operates an efficient risk management system for the early detection, comprehensive analysis, and systematic handling of risks.

The structuring of the risk management system and the significance of particular risks are discussed in detail in the 2011 annual report on pages 54 to 62. It is stated there that the company does not view itself as subject to any risks that could endanger its continued existence as a going concern. The annual report for INDUS Holding AG can be downloaded free of charge at [www.indus.de](http://www.indus.de).

**Events after the Reporting Date**

At the annual shareholders' meeting on July 3, 2012, the Board of Management informed the shareholders of the results of a legal dispute with the former major shareholder, Dr. Kill. INDUS demanded the repayment of dividends for the years 2007 and 2008 from Dr. Kill for failing to declare that he had exceeded shareholding thresholds. The total claim amounted to approximately 2.5 million euros. The dispute was based on § 26 of the German Securities Trading Act (WpHG), which stipulates that a shareholder's intentional failure to declare voting rights must be proved. The trial was heard by the Regional Court of Cologne (Landgericht Köln). The court proposed a settlement, which the Board of Management agreed to after consulting with the Supervisory Board. The settlement brought in cash inflows for INDUS of 1.3 million euros in 2012.

→ Stable equity ratio of **36%**

## Outlook

### **Subsiding Market Dynamic Expected; Group Sticks to Full-Year Targets**

In the first six months of 2012, the business of INDUS developed as expected. Like all economic research institutes and most of German industry, the Board of Management expects difficult development in the second half of the year. Indeed, economic dynamism will continue to subside worldwide over the course of the year, and this will increasingly impact the German economy. The global economy is currently in a period of synchronous economic downturn. The worsening debt crisis is one of the greatest risks and the potential repercussions for German industry cannot be predicted at present. A positive impetus is (still) expected from the newly industrialized countries, but these are increasingly suffering from falling prices on the raw materials markets.

INDUS's reaction to these circumstances is to consistently adjust its capacities and its controllable costs in order to stabilize its earning power at a good level. Corresponding action plans have been in place since the middle of the year and have since been consistently followed. In addition to this, noticeable adjustments to the Group's working capital aim to normalize cashflow.

INDUS therefore reaffirms its cautious outlook for 2012 and continues to aim for sales in the current year of more than 1 billion euros. Given these circumstances, the Board of Management feels that the long-standing target EBIT margin of 10% remains ambitious. The Board of Management assumes that the measures initiated will have a stronger impact on the second six months.

- INDUS confirms outlook
- Sales of **more than 1 billion euros** expected, in line with level of 2011



# **CONSOLIDATED** INTERIM FINANCIAL STATEMENTS

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## Consolidated Statement of Income

EUR '000	Notes	H1 2012	H1 2011*
<b>Sales</b>		<b>540,660</b>	<b>535,639</b>
Other operating income		8,953	8,242
Own work capitalized		1,608	993
Change in inventories		13,696	20,818
Cost of materials	(2)	-268,995	-275,911
Personnel expenses	(3)	-152,266	-142,321
Depreciation and amortization	(4)	-21,442	-19,747
Other operating expenses	(5)	-69,879	-68,580
Other financial result		74	104
<b>Operating result (EBIT)</b>		<b>52,409</b>	<b>59,237</b>
Interest income		365	253
Interest expenses		-11,001	-10,144
Net interest	(6)	-10,636	-9,891
<b>Earnings before taxes</b>		<b>41,773</b>	<b>49,346</b>
Taxes	(7)	-15,416	-15,746
Earnings attributable to discontinued operations		-2,527	99
<b>Earnings after taxes</b>		<b>23,830</b>	<b>33,699</b>
of which allocable to non-controlling shareholders		-298	-426
of which allocable to INDUS shareholders		23,532	33,273
Basic earnings per share in EUR	(1)	1.17	1.64

\* Previous year's figures adjusted

## Statement of Income and Accumulated Earnings

EUR '000	H1 2012	H1 2011
<b>Earnings after taxes</b>	<b>23,830</b>	<b>33,699</b>
Currency translation adjustment	-439	-139
Change in the market values of derivative financial instruments	-1,613	1,137
Netting of deferred taxes	255	-180
<b>Income and expenses recognized directly in equity</b>	<b>-1,797</b>	<b>818</b>
<b>Total income and expenses recognized in equity</b>	<b>22,033</b>	<b>34,517</b>
of which allocable to non-controlling shareholders	298	426
of which allocable to INDUS shareholders	21,735	34,091

## Consolidated Statement of Income

EUR '000	Q2 2012	Q2 2011*
<b>Sales</b>	<b>279,742</b>	<b>280,003</b>
Other operating income	4,844	4,489
Own work capitalized	669	696
Change in inventories	630	5,971
Cost of materials	- 135,377	- 141,443
Personnel expenses	- 76,797	- 73,385
Depreciation and amortization	- 10,783	- 9,892
Other operating expenses	- 34,631	- 34,676
Income from shares accounted for using the equity method	0	0
Other financial result	32	52
<b>Operating result (EBIT)</b>	<b>28,329</b>	<b>31,815</b>
Interest income	201	130
Interest expenses	- 5,199	- 5,574
Net interest	- 4,998	- 5,444
<b>Earnings before taxes</b>	<b>23,331</b>	<b>26,371</b>
Taxes	- 8,266	- 8,317
Earnings attributable to discontinued operations	- 2,527	99
<b>Earnings after taxes</b>	<b>12,538</b>	<b>18,153</b>
of which allocable to non-controlling shareholders	- 299	- 253
of which allocable to INDUS shareholders	12,239	17,900
Basic earnings per share in EUR	0.66	0.88

\* Previous year's figures adjusted

## Statement of Income and Accumulated Earnings

EUR '000	Q2 2012	Q2 2011
<b>Earnings after taxes</b>	<b>12,538</b>	<b>18,153</b>
Currency translation adjustment	135	- 459
Change in the market values of derivative financial instruments	- 355	340
Netting of deferred taxes	56	- 54
<b>Income and expenses recognized directly in equity</b>	<b>- 164</b>	<b>- 173</b>
<b>Total income and expenses recognized in equity</b>	<b>12,374</b>	<b>17,980</b>
of which allocable to non-controlling shareholders	299	252
of which allocable to INDUS shareholders	12,075	17,728

# Consolidated Statement of Financial Position

EUR '000	Notes	June 30, 2012	Dec. 31, 2011
<b>ASSETS</b>			
Goodwill		294,831	294,831
Intangible assets	(8)	18,759	19,046
Property, plant, and equipment	(9)	256,207	245,453
Financial assets		9,640	9,268
Shares accounted for using the equity method		1,508	1,508
Other noncurrent assets		2,118	2,276
Deferred taxes		2,525	2,956
<b>Noncurrent assets</b>		<b>585,588</b>	<b>575,338</b>
Cash and cash equivalents		135,674	123,107
Accounts receivable	(10)	155,373	108,422
Inventories	(11)	238,262	222,778
Other current assets		9,699	7,148
Current income taxes		5,244	3,374
<b>Current assets</b>		<b>544,252</b>	<b>464,829</b>
<b>Total assets</b>		<b>1,129,840</b>	<b>1,040,167</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital		243,464	243,464
Generated capital		158,823	137,088
Equity held by INDUS shareholders		402,287	380,552
Non-controlling interests in the equity		1,841	1,543
<b>Group equity</b>		<b>404,128</b>	<b>382,095</b>
Noncurrent financial liabilities		348,830	322,604
Provisions for pensions		16,391	16,281
Other noncurrent provisions		2,060	2,256
Other noncurrent liabilities		12,522	12,899
Deferred taxes		19,760	19,106
<b>Noncurrent liabilities</b>		<b>399,563</b>	<b>373,146</b>
Current financial liabilities		151,106	111,679
Trade accounts payable		44,816	46,056
Current provisions		54,434	47,015
Other current liabilities		71,839	70,336
Current income taxes		3,954	9,840
<b>Current liabilities</b>		<b>326,149</b>	<b>284,926</b>
<b>Total equity and liabilities</b>		<b>1,129,840</b>	<b>1,040,167</b>



# Consolidated Statement of Cash Flows

EUR '000	H1 2012	H1 2011*
<b>Income after taxes generated by continuing operations</b>	<b>26,357</b>	<b>33,600</b>
Depreciation/Write-ups of noncurrent assets (excluding deferred taxes)	21,442	19,747
Taxes	15,416	15,746
Net interest	10,636	9,891
Cash earnings attributable to discontinued operations	-781	223
Other non-cash transactions	-3,246	-786
Changes in provisions	7,654	7,000
Increase (-)/decrease (+) in inventories, trade accounts receivable and other assets not allocable to investing or financing activities	-67,710	-68,793
Increase (+)/decrease (-) in trade accounts payable and other liabilities not allocable to investing or financing activities	2,998	24,995
Income taxes received/paid	-22,057	-10,549
<b>Operating cash flow</b>	<b>-9,291</b>	<b>31,074</b>
Interest paid	-11,089	-10,876
Interest received	365	253
<b>Cash flow from operating activities</b>	<b>-20,015</b>	<b>20,451</b>
Cash outflow from investments in		
property, plant, and equipment, and in intangible assets	-32,603	-15,515
financial assets	-408	-921
interests held by fully consolidated companies	0	-1,091
Cash inflow from the disposal of other assets	64	50
Investment activity attributable to discontinued operations	-56	-55
<b>Cash flow from investing activities</b>	<b>-33,003</b>	<b>-17,532</b>
Cash inflow from the assumption of debt	111,435	83,559
Cash outflow from the repayment of debt	-45,782	-96,756
Financing activity attributable to discontinued operations	0	0
<b>Cash flow from financing activities</b>	<b>65,653</b>	<b>-13,197</b>
Net cash change in financial facilities	12,635	-10,278
Changes in cash and cash equivalents caused by currency exchange rates	-68	510
Cash and cash equivalents at the beginning of the period	123,107	96,840
<b>Cash and cash equivalents at the end of the period</b>	<b>135,674</b>	<b>87,072</b>
Net cash transactions attributable to the acquisition of portfolio companies:	0	-1,052
plus assumed financial liabilities	0	-48
less acquired financial resources	0	9
<b>Net purchase price</b>	<b>0</b>	<b>-1,091</b>

\* Previous year's figures adjusted

# Consolidated Statement of Equity

Jan. 1 – June 30, 2012	Opening balance	Dividend	Recognised	Closing
EUR '000	Jan. 1, 2012	distribution	income and expenses	balance June 30, 2012
<b>H1 2012</b>				
Subscribed capital	57,792	0	0	57,792
Capital reserve	185,672	0	0	185,672
<b>Paid-in capital</b>	<b>243,464</b>	<b>0</b>	<b>0</b>	<b>243,464</b>
Accumulated earnings	144,202	0	23,532	167,734
Currency translation reserve	-1,278	0	-439	-1,717
Reserve for the marked-to-market valuation of financial instruments	-5,836	0	-1,358	-7,194
<b>Generated capital</b>	<b>137,088</b>	<b>0</b>	<b>21,735</b>	<b>158,823</b>
<b>Equity held by INDUS shareholders</b>	<b>380,552</b>	<b>0</b>	<b>21,735</b>	<b>402,287</b>
Interests allocable to non-controlling shareholders	1,543	0	298	1,841
<b>Group equity</b>	<b>382,095</b>	<b>0</b>	<b>22,033</b>	<b>404,128</b>

Jan. 1 – June 30, 2011	Opening balance	Dividend	Recognised	Closing
EUR '000	Jan. 1, 2011	distribution	income and expenses	balance June 30, 2011
<b>H1 2011</b>				
Subscribed capital	52,538	0	0	52,538
Capital reserve	153,791	0	0	153,791
<b>Paid-in capital</b>	<b>206,329</b>	<b>0</b>	<b>0</b>	<b>206,329</b>
Accumulated earnings	106,969	0	33,273	140,242
Currency translation reserve	-1,332	0	-139	-1,471
Reserve for the marked-to-market valuation of financial instruments	-4,153	0	957	-3,196
<b>Generated capital</b>	<b>101,484</b>	<b>0</b>	<b>34,091</b>	<b>135,575</b>
<b>Equity held by INDUS shareholders</b>	<b>307,813</b>	<b>0</b>	<b>34,091</b>	<b>341,904</b>
Interests allocable to non-controlling shareholders	1,676	0	426	2,102
<b>Group equity</b>	<b>309,489</b>	<b>0</b>	<b>34,517</b>	<b>344,006</b>

Reserves for currency translation and for the marked-to-market valuation of financial instruments include unrealized gains and losses. The change in reserves for the marked-to-market valuation of financial instruments is based exclusively on ongoing changes in marked-to-market valuation. There were no effects resulting from reclassification.

Interests held by non-controlling shareholders essentially consist of the non-controlling interests in the limited liability companies WEIGAND Bau GmbH and SELZER Automotiva do Brasil. Interests held by non-controlling shareholders in limited partnerships and limited liability companies for which the economic ownership of the corresponding non-controlling interests had already been passed on under reciprocal option agreements and corporations consolidated according to the full goodwill method as a consequence of certain option contracts are shown under other liabilities. This relates in particular to SELZER Fertigungstechnik GmbH & Co. KG, Helmut RÜBSAMEN GmbH & Co. KG and HAKAMA AG.

# Notes to the Consolidated Financial Statements

## General

INDUS Holding AG, based in Bergisch Gladbach, Germany, entered in the Cologne commercial register (HRB 46360), prepared its consolidated financial statements for the first half-year of 2012 in accordance with International Financial Reporting Standards (IFRS) and the interpretation of such by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Union. The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR '000).

These interim financial statements are prepared in accordance with IAS 34 in condensed form. The interim report has not been audited and was not subject to a perusal or review by an auditor.

New obligatory standards are reported on separately in the section "Changes in Accounting Guidelines." Otherwise, the same accounting methods are applied as in the consolidated financial statements for the 2011 fiscal year. They are described there in detail. Since these half-yearly financial statements do not provide the comprehensive information of the annual financial statements, these financial statements should be considered within the context of the last annual financial statements.

In the Board of Management's view, this half-yearly report includes all of the usual ongoing adjustments that are necessary for an appropriate presentation of the Group's net assets, financial, and earnings position. The results achieved in the 1st half-year of the fiscal year 2012 do not necessarily predict future business performance.

The preparation of consolidated financial statements is influenced by accounting and valuation principles and requires assumptions and estimates to be made which have an impact on the recognized value of the assets, liabilities, and contingent liabilities, as well as on income and expenses. When estimates are made regarding the future, actual values may deviate from the estimates. If the original basis for the estimates changes, the statement of the relevant items is adjusted through profit and loss.

## Changes in Accounting Guidelines

All obligatory accounting standards in effect as of the 2012 fiscal year have been implemented in these interim financial statements. The guidelines to be applied for the first time in the 2012 fiscal year have no material impact on the presentation of the net assets, financial, and earnings position.

## Scope of Consolidation

In the consolidated financial statements, all subsidiary companies are fully consolidated if INDUS Holding AG has the direct or indirect possibility of influencing the companies' financial and business policy for the benefit of the INDUS Group. Associated companies for which the financial and business policy can be significantly influenced are consolidated using the equity method. Companies purchased during the course of the fiscal year are consolidated as of the date on which control over their finance and business policy is transferred. Companies which are sold are no longer included in the scope of consolidation as from the date on which the business is transferred. After the date on which the decision is made to divest the company in question, they are classified as "held for sale."

### Business Combinations in Accordance with IFRS 3

During the current fiscal year, no companies were acquired or consolidated for the first time.

In the previous year, SEMET Maschinenbau GmbH & Co. KG acquired RIMAC Maschinen & Anlagenbau GmbH, based in Mauer. The acquisition of the company, which is active in a very different selling market, was primarily based on synergies in the area of production.

### Disposals in Accordance with IFRS 5

Effective as of June 1, 2012, REBOPLASTIC GmbH & Co. KG, a company belonging to the Automotive Components/Engineering segment, was sold due to the fact that, in terms of perspective, it was no longer suitable for the INDUS portfolio. The company was bought by Dr. Höper, who as former managing director of the company and a member of the INDUS Holding AG Board of Management, had long followed the development of REBOPLASTIC GmbH & Co. KG.

### Earnings Attributable to Discontinued Operations

EUR '000	H1 2012	H1 2011*
Sales	2,794	3,383
Expenses and other revenue	-2,994	-3,282
<b>Operating result</b>	<b>-200</b>	<b>101</b>
Net interest	-30	16
<b>Earnings before taxes</b>	<b>-230</b>	<b>117</b>
Taxes	28	-18
<b>Earnings after taxes, operation</b>	<b>-202</b>	<b>99</b>
Earnings attributable to deconsolidation	-2,325	0
<b>Earnings attributable to discontinued operations</b>	<b>-2,527</b>	<b>99</b>
Tax expenses (+) / earnings (-) from the sale	117	0

\* Previous year's figures adjusted

## Earnings per Share

### [1] Earnings per share

EUR '000	H1 2012	H1 2011*	Q2 2012	Q2 2011*
Earnings attributable to INDUS shareholders	23,532	33,273	12,239	17,900
Earnings attributable to discontinued operations	2,527	-99	2,527	-99
<b>Earnings attributable to continuing operations</b>	<b>26,059</b>	<b>33,174</b>	<b>14,766</b>	<b>17,801</b>
Shares in circulation (in thousands)	22,228	20,207	22,228	20,207
Earnings per share, continuing operations (in EUR)	1.17	1.64	0.66	0.88
Earnings per share, discontinued operations (in EUR)	-0.11	-0.01	-0.11	-0.01

\* Previous year's figures adjusted

According to IAS 33, earnings per share are based on earnings after taxes from continuing operations. Earnings per share are calculated by dividing earnings from continuing operations by the average annual number of outstanding shares.

In the event of the authorized capital being utilized, dilutions will arise in the future.

## Notes to the Statement of Income

### [2] Costs of materials

EUR '000	H1 2012	H1 2011
Raw materials and goods for resale	-234,591	-243,759
Purchased services	-34,404	-32,152
<b>Total</b>	<b>-268,995</b>	<b>-275,911</b>

### [3] Personnel expenses

EUR '000	H1 2012	H1 2011
Wages and salaries	-129,105	-120,169
Social security and pensions	-23,161	-22,152
<b>Total</b>	<b>-152,266</b>	<b>-142,321</b>

**[4] Depreciation, amortization, write-downs, impairment losses**

EUR '000	H1 2012	H1 2011
Depreciation of property, plant and equipment, and intangible assets	- 19,657	- 18,116
Scheduled amortization of value-added within the Group	- 1,785	- 1,631
<b>Total</b>	<b>- 21,442</b>	<b>- 19,747</b>

**[5] Other operating expenses**

EUR '000	H1 2012	H1 2011
Operating expenses	- 24,047	- 23,065
Selling expenses	- 27,093	- 25,736
Administrative expenses	- 12,985	- 13,417
Other expenses	- 5,754	- 6,362
<b>Total</b>	<b>- 69,879</b>	<b>- 68,580</b>

**[6] Net interest**

EUR '000	H1 2012	H1 2011
Interest and similar income	365	253
Interest and similar expenses	- 10,947	- 10,922
<b>Interest from operations</b>	<b>- 10,582</b>	<b>- 10,669</b>
IFRS interest: market value of interest-rate swaps	149	890
IFRS interest: interests allocable to non-controlling shareholders	- 203	- 112
<b>IFRS interest</b>	<b>- 54</b>	<b>778</b>
<b>Total</b>	<b>- 10,636</b>	<b>- 9,891</b>

**[7] Income taxes**

Income tax expense is calculated for the interim financial statements based on the assumptions of current tax planning.

## Notes to Selected Statement of Financial Position Items

### [8] Intangible assets

EUR '000	June 30, 2012	Dec. 31, 2011
Capitalized development costs	8,855	9,320
Property rights, concessions, and other intangible assets	9,904	9,726
<b>Total</b>	<b>18,759</b>	<b>19,046</b>

### [9] Property, plant, and equipment

EUR '000	June 30, 2012	Dec. 31, 2011
Land and buildings	127,576	121,737
Plant and machinery	83,068	85,377
Other equipment, factory and office equipment	30,827	29,734
Advance payments and plant under construction	14,736	8,605
<b>Total</b>	<b>256,207</b>	<b>245,453</b>

### [10] Accounts receivable

EUR '000	June 30, 2012	Dec. 31, 2011
Accounts receivable from customers	144,110	101,573
Future accounts receivable from customer-specific construction contracts	11,263	6,397
Accounts receivable from associated companies	0	452
<b>Total</b>	<b>155,373</b>	<b>108,422</b>

### [11] Inventories

EUR '000	June 30, 2012	Dec. 31, 2011
Raw materials and supplies	83,006	83,076
Unfinished goods	79,901	67,770
Finished goods and goods for resale	72,073	69,668
Prepayments to third parties for inventories	3,282	2,264
<b>Total</b>	<b>238,262</b>	<b>222,778</b>

## **Segment Reporting**

The classification of the segments corresponds to the current status of internal reporting. The information relates to the continuing activities. The previous year's figures will be adjusted accordingly.

The companies are allocated to the segments on the basis of their selling markets insofar as the bulk of their product range is sold in that market environment (Automotive Components/Engineering, Medical Engineering/Life Science). Otherwise they are classified by common features in their production structure (Construction and Infrastructure, Engineering, Metal/Metal Processing). The reconciliations contain the figures of the holding company, non-operational units not allocated to any segment, and consolidations.

The central control variable for the segments is operating earnings (EBIT) as defined in the consolidated financial statements. The segment information has been ascertained in compliance with the reporting and valuation methods that were applied during the preparation of the consolidated financial statements.



Segment reporting in accordance with IFRS 8 <b>H1 2012</b> EUR '000	Construc- tion/ Infra- structure	Automotive Components/ Engineering	Engineering	Medical Engineering/ Life Science	Metal/ Metal Processing	Total Segments	Recon- ciliation	Consoli- dated financial statements
External sales	106,904	167,285	63,121	44,490	158,961	540,761	- 101	540,660
Internal sales	4,398	16,512	3,333	1,200	14,135	39,578	-39,578	0
<b>Sales</b>	<b>111,302</b>	<b>183,797</b>	<b>66,454</b>	<b>45,690</b>	<b>173,096</b>	<b>580,339</b>	<b>-39,679</b>	<b>540,660</b>
<b>Segment earnings (EBIT)</b>	<b>13,305</b>	<b>9,101</b>	<b>6,132</b>	<b>7,710</b>	<b>17,312</b>	<b>53,560</b>	<b>-1,151</b>	<b>52,409</b>
Earnings from equity valuation	0	0	0	0	0	0	0	0
<b>Depreciation and amortization</b>	<b>-2,454</b>	<b>-10,971</b>	<b>-1,379</b>	<b>-1,260</b>	<b>-5,177</b>	<b>-21,241</b>	<b>-201</b>	<b>-21,442</b>
of which scheduled depreciation for wear and tear from first-time consolidation	-191	-1,133	-277	-29	-155	-1,785	0	-1,785
of which unscheduled depre- ciation for wear and tear from first-time consolidation	0	0	0	0	0	0	0	0
<b>Capital expenditure</b>	<b>3,106</b>	<b>9,721</b>	<b>3,194</b>	<b>1,449</b>	<b>11,443</b>	<b>28,913</b>	<b>3,623</b>	<b>32,536</b>
of which company acquisitions	0	0	0	0	0	0	0	0
Shares accounted for using the equity method	1,508	0	0	0	0	1,508	0	1,508
Additional information: EBITDA	15,759	20,072	7,511	8,970	22,489	74,801	-950	73,851
Additional information: Goodwill	100,246	68,180	50,985	43,485	31,935	294,831	0	294,831

Segment reporting in accordance with IFRS 8 <b>H1 2011*</b> EUR '000	Construc- tion/ Infra- structure	Automotive Components/ Engineering	Engineering	Medical Engineering/ Life Science	Metal/ Metal Processing	Total Segments	Recon- ciliation	Consoli- dated financial statements
External sales	108,210	160,616	64,278	44,909	157,511	535,524	115	535,639
Internal sales	4,062	13,247	3,806	989	13,379	35,483	-35,483	0
<b>Sales</b>	<b>112,272</b>	<b>173,863</b>	<b>68,084</b>	<b>45,898</b>	<b>170,890</b>	<b>571,007</b>	<b>-35,368</b>	<b>535,639</b>
<b>Segment earnings (EBIT)</b>	<b>15,139</b>	<b>11,282</b>	<b>8,112</b>	<b>7,567</b>	<b>19,639</b>	<b>61,739</b>	<b>-2,502</b>	<b>59,237</b>
Earnings from equity valuation	0	0	0	0	0	0	0	0
<b>Depreciation and amortization</b>	<b>-2,435</b>	<b>-9,966</b>	<b>-950</b>	<b>-1,345</b>	<b>-4,851</b>	<b>-19,547</b>	<b>-200</b>	<b>-19,747</b>
of which scheduled depreciation for wear and tear from first-time consolidation	-228	-1,205	-16	-27	-155	-1,631	0	-1,631
of which unscheduled depreciation for wear and tear from first-time consolidation	0	0	0	0	0	0	0	0
<b>Capital expenditure</b>	<b>2,309</b>	<b>8,283</b>	<b>1,653</b>	<b>1,196</b>	<b>3,090</b>	<b>16,531</b>	<b>23</b>	<b>16,554</b>
of which company acquisitions	0	0	965	0	0	965	0	965
Shares accounted for using the equity method	1,324	0	0	0	0	1,324	0	1,324
Additional information: EBITDA	17,574	21,248	9,062	8,912	24,490	81,286	-2,302	78,984
Additional information: Goodwill	100,246	69,638	45,218	43,485	31,935	290,522	0	290,522

\* Previous year's figures adjusted

Segment reporting in accordance with IFRS 8 <b>Q2 2012</b> EUR '000	Construc- tion/ Infra- structure	Automotive Components/ Engineering	Engineering	Medical Engineering/ Life Science	Metal/ Metal Processing	Total Segments	Recon- ciliation	Consoli- dated financial statements
External sales	60,481	82,846	32,571	22,455	81,513	279,866	-124	279,742
Internal sales	2,415	7,851	1,503	652	6,912	19,333	-19,333	0
<b>Sales</b>	<b>62,896</b>	<b>90,697</b>	<b>34,074</b>	<b>23,107</b>	<b>88,425</b>	<b>299,199</b>	<b>-19,457</b>	<b>279,742</b>
<b>Segment earnings (EBIT)</b>	<b>9,879</b>	<b>3,740</b>	<b>2,773</b>	<b>3,749</b>	<b>8,481</b>	<b>28,622</b>	<b>-293</b>	<b>28,329</b>
Earnings from equity valuation	0	0	0	0	0	0	0	0
<b>Depreciation and amortization</b>	<b>-1,231</b>	<b>-5,525</b>	<b>-691</b>	<b>-632</b>	<b>-2,603</b>	<b>-10,682</b>	<b>-101</b>	<b>-10,783</b>
of which scheduled depreciation for wear and tear from first-time consolidation	-96	-567	-140	-15	-77	-895	0	-895
of which unscheduled depreciation for wear and tear from first-time consolidation	0	0	0	0	0	0	0	0
<b>Capital expenditure</b>	<b>1,300</b>	<b>3,593</b>	<b>2,362</b>	<b>604</b>	<b>7,751</b>	<b>15,610</b>	<b>3,542</b>	<b>19,152</b>
of which company acquisitions	0	0	0	0	0	0	0	0
Shares accounted for using the equity method	0	0	0	0	0	0	0	0
Additional information: EBITDA	11,110	9,265	3,464	4,381	11,084	39,304	-192	39,112
Additional information: Goodwill	100,246	68,180	50,985	43,485	31,935	294,831	0	294,831

Segment reporting in accordance with IFRS 8 <b>Q2 2011 *</b> EUR '000	Construc- tion/ Infra- structure	Automotive Components/ Engineering	Engineering	Medical Engineering/ Life Science	Metal/ Metal Processing	Total Segments	Recon- ciliation	Consoli- dated financial statements
External sales	60,970	80,375	33,872	22,960	81,685	279,862	141	280,003
Internal sales	2,557	6,984	1,933	532	8,320	20,326	-20,326	0
<b>Sales</b>	<b>63,527</b>	<b>87,359</b>	<b>35,805</b>	<b>23,492</b>	<b>90,005</b>	<b>300,188</b>	<b>-20,185</b>	<b>280,003</b>
<b>Segment earnings (EBIT)</b>	<b>11,032</b>	<b>4,897</b>	<b>4,443</b>	<b>4,062</b>	<b>8,892</b>	<b>33,326</b>	<b>-1,511</b>	<b>31,815</b>
Earnings from equity valuation	0	0	0	0	0	0	0	0
<b>Depreciation and amortization</b>	<b>-1,240</b>	<b>-4,942</b>	<b>-483</b>	<b>-687</b>	<b>-2,440</b>	<b>-9,792</b>	<b>-100</b>	<b>-9,892</b>
of which scheduled depreciation for wear and tear from first-time consolidation	-114	-603	-8	-14	-77	-816	0	-816
of which unscheduled depreciation for wear and tear from first-time consolidation	0	0	0	0	0	0	0	0
<b>Capital expenditure</b>	<b>897</b>	<b>3,792</b>	<b>1,292</b>	<b>745</b>	<b>1,665</b>	<b>8,391</b>	<b>9</b>	<b>8,400</b>
of which company acquisitions	0	0	965	0	0	965	0	965
Shares accounted for using the equity method	0	0	0	0	0	0	0	0
Additional information: EBITDA	12,272	9,839	4,926	4,749	11,332	43,118	-1,411	41,707
Additional information: Goodwill	100,246	69,638	45,218	43,485	31,935	290,522	0	290,522

\* Previous year's figures adjusted

The following table reconciles the total operating results of segment reporting with the calculation of consolidated earnings before tax.

### Reconciliation

EUR '000	H1 2012	H1 2011	Q2 2012	Q2 2011
<b>Segment earnings (EBIT)</b>	<b>53,560</b>	<b>61,739</b>	<b>28,622</b>	<b>33,326</b>
Areas not allocated, incl. holding company	- 1,200	- 1,982	- 254	- 958
Consolidations	49	- 520	- 39	- 553
Net interest	- 10,636	- 9,891	- 4,998	- 5,444
<b>Earnings before taxes</b>	<b>41,773</b>	<b>49,346</b>	<b>23,331</b>	<b>26,371</b>

### Reporting by Region

H1 2012 EUR '000	Group	Germany	Abroad
<b>External Sales</b>	<b>540,660</b>	<b>279,723</b>	<b>260,937</b>
Noncurrent assets less deferred taxes and financial instruments	571,306	492,412	78,894

H1 2011* EUR '000	Group	Germany	Abroad
<b>External Sales</b>	<b>535,639</b>	<b>286,023</b>	<b>249,616</b>
Noncurrent assets less deferred taxes and financial instruments	549,091	482,533	66,558

### Reporting by Region

Q2 2012 EUR '000	Group	Germany	Abroad
<b>External Sales</b>	<b>279,742</b>	<b>143,642</b>	<b>136,100</b>
Noncurrent assets less deferred taxes and financial instruments	571,306	492,412	78,894

Q2 2011* EUR '000	Group	Germany	Abroad
<b>External Sales</b>	<b>280,003</b>	<b>152,500</b>	<b>127,503</b>
Noncurrent assets less deferred taxes and financial instruments	549,091	482,533	66,558

\* Previous year's figures adjusted

The regionalization of sales is based on the selling markets. The further classification of the diverse foreign activities by country is not expedient as no country outside of Germany accounts for 10% of Group sales.

Noncurrent assets, less deferred taxes and financial instruments, are based on the domiciles of the respective companies. Further differentiation is not expedient as the majority of the companies are domiciled in Germany.

Due to INDUS's diversification policy there were no individual product or service groups and no individual customers that accounted for more than 10% of sales.

### **Related Party Disclosures**

Related party disclosures primarily involve the ongoing remuneration of members of management in key positions, the Board of Management, and the Supervisory Board. Furthermore, there are consulting contracts and rental or leasing contracts with non-controlling shareholders or members of their families, and business relations with associated companies.

With the exception of the information provided under "Disposals in Accordance with IFRS 5," the half-year financial statement does not report on changes to these circumstances, which differ considerably from those in the 2011 financial statement.

### **Adjustment of the Previous Year's Figures Pursuant to IFRS 3.45**

Accounting for the discontinued operations in compliance with IFRS 5.34 requires the adjustment of the previous year's figures, as shown below:

<b>Adjustment of the previous year's Statement of Income</b> EUR '000	H1 2011 published	IFRS 5	H1 2011 comparable
Sales	539,022	-3,383	535,639
Other operating income	8,262	-20	8,242
Own work capitalized	993	0	993
Change in inventories	20,816	2	20,818
Cost of materials	-277,190	1,279	-275,911
Personnel expenses	-143,591	1,270	-142,321
Depreciation and amortization	-19,891	144	-19,747
Other operating expenses	-69,187	607	-68,580
Income from shares accounted for using the equity method	0	0	0
Other financial result	104	0	104
<b>Operating result (EBIT)</b>	<b>59,338</b>	<b>-101</b>	<b>59,237</b>
Interest income	274	-21	253
Interest expenses	-10,149	5	-10,144
Net interest	-9,875	-16	-9,891
<b>Earnings before taxes</b>	<b>49,463</b>	<b>-117</b>	<b>49,346</b>
Taxes	-15,764	18	-15,746
Earnings attributable to discontinued operations		99	99
<b>Earnings after taxes</b>	<b>33,699</b>	<b>0</b>	<b>33,699</b>
of which allocable to non-controlling shareholders	-426	0	-426
of which allocable to INDUS shareholders	33,273	0	33,273
Earnings per share (undiluted) in EUR	1.65	(0.01)	1.64

## Events after the Quarterly Reporting Date


After the end of the first half-year of 2012 there were no significant events.

## Statement by the Company's Legal Representatives

We hereby assure, to the best of our knowledge, that, in accordance with the applicable reporting principles for interim financial reporting, the Consolidated Interim Financial Statement conveys an accurate picture of the Group's net assets, financial, and earnings position. We furthermore assure that the Group's Interim Management Report conveys an accurate picture of business development, including the company result, and of the Group's position, and that this report also describes the principal opportunities and risks associated with the Group's anticipated development over the remaining months of the fiscal year.

Bergisch Gladbach, Germany, August 2012

The Board of Management



Jürgen Abromeit



Dr. Johannes Schmidt



Rudolf Weichert

# Financial Calendar

November 13, 2012	German Equity Forum, Frankfurt/Main
November 29, 2012	Interim report on the first three quarters, 2012

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### **Publisher:**

INDUS Holding AG, Bergisch Gladbach

### **Concept/Design:**

Berichtsmanufaktur GmbH, Hamburg

### **Photos:**

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This interim report is also available in German. Only the German version of the interim report is legally binding.

### Disclaimer:

This interim report contains forward-looking statements based on assumptions and estimates made by the Board of Management of INDUS Holding AG. Although the Board of Management is of the opinion that these assumptions and estimates are accurate, they are subject to certain risks and uncertainty. Actual future results may deviate substantially from these assumptions and estimates due to a variety of factors. These factors include changes in the general economic situation, the business, economic and competitive situation, foreign exchange and interest rates, and the legal setting. INDUS Holding AG shall not be held liable for the future development and actual future results being in line with the assumptions and estimates included in this interim report. Assumptions and estimates made in this interim report will not be updated.

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